

# ***MANUFACTURERS INVESTMENT CREDIT: HOW BUSINESSES USE THIS TAX EXPENDITURE***

## **An Informational Hearing**

Monday, February 3, 2003  
1:30 p.m. - 4:30 p.m.  
State Capitol, Room 126  
Sacramento, California

## **AGENDA**

### **I. WELCOME AND OPENING REMARKS**

Ed Chavez, Chairman  
57<sup>th</sup> Assembly District

### **II. OVERVIEW**

- A. What is the Manufacturers Investment Credit (MIC) and how did we get it?  
What do other states offer?

*15 minutes*

Chris Micheli  
Carpenter Snodgrass &  
Associates

- B. How does the MIC work and who qualifies?

*10 minutes*

Panelists:  
J. Brian Putler, Director,  
Legislative Services Bureau  
Franchise Tax Board

Margaret S. Shedd,  
Legislative Counsel,  
Legislative Division  
Board of Equalization

- C. What was the cost impact initially compared to today?  
*10-15 minutes*

Phil Spilberg, Director,  
Economic & Statistical  
Research Bureau  
Franchise Tax Board

Dave Hayes, Manager,  
Research Statistics Section  
Board of Equalization

- D. Report to the Legislature: Average Statewide Employment in Manufacturing. What does this mean? What are the problems?  
*10 minutes*

Richard Holden, Chief  
Labor Market Information  
Division  
Employment Development  
Department

### III. ANALYSIS

Comments reflecting the response of the Legislative Analyst's Office.  
*30-35 minutes*

Mark Ibele, Principal Fiscal  
and Policy Analyst  
Legislative Analyst's Office

### IV. HOW IS THE MANUFACTURERS INVESTMENT CREDIT WORKING

- A. Evidence of Business Usage of the MIC.  
*5 minutes each*

Representative - California  
Manufacturers & Technology  
Association

David Goodreau  
Small Manufacturing  
Association of California

Ray G. Rossi  
Intel

Herb Schmidt  
Robert Mondavi Winery

B. Incentive or Reward:

Does the Manufacturers Investment Credit act as an incentive or just provide tax benefits for actions that would have occurred anyway?  
Should businesses provide more information as a condition of claiming the MIC?

*15 minutes*

Jean Ross, Executive  
Director  
California Budget Project

C. Implementation Issues:

Administrative concerns, audit issues.

*30 minutes*

Panelists:  
Geoffrey S. Way,  
Tax Counsel III,  
General Tax Law Bureau  
Franchise Tax Board

E. Scott Ewing  
Deloitte & Touche

Jim Brandes, Income Tax  
Manager  
Advanced Micro Devices

**V. PUBLIC COMMENT**

*10 minutes*

**VI. CONCLUSION**

Where do we go from here?  
*5 minutes*

Ed Chavez, Chair